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1.0 General Report Overview

Effective April 1, 2015, Executive Order 2015-4 created the Department of Health and Human Services (DHHS). The Executive Order also abolished the Michigan Department of Community Health (MDCH) and the Michigan Department of Human Services (MDHS). Except as otherwise provided in Section XIII of the Executive Order, after the effective date of the Order, statutory and legal references to the MDHS, the MDCH of all predecessor departments, are deemed references to the DHHS.


The fiscal year 2015 contract was executed between MDCH and the PIHP/CMHSPs. As such, the financial planning, reporting and settlement forms and instructions will reference MDCH. Reference to DHHS will begin with the fiscal year 2016 reporting.

The Medicaid Contract Settlement Worksheet will be utilized to identify and/or calculate the specialty managed care capitation (authorization) estimated for the fiscal year (FY), if a forced lapse exist, the maximum savings /lapse (Medicaid and/or Healthy Michigan) and verification that prior year savings has been utilized or has approval from the Michigan Department of Community Health (MDCH) to utilize in a future FY. The specialty managed care capitation being utilized in this settlement is inclusive of the 1915(b)/(c), the Healthy Michigan Plan, and the MIChild funding.

The Medicaid Contract Settlement Worksheet will be utilized in tandem with the Medicaid Contract Reconciliation and Cash Settlement (CRCS). The CRCS worksheet provides a mechanism to close out the financial components of the Medicaid Managed Specialty Supports and Services Concurrent 1915(b)/(c) Waiver Contract (contract). The CRCS will be used in evaluating any remaining financial obligations due to the PIHP or the MDCH. The financial information reflected in the report should represent revenue and expenditures on an accrual basis of accounting through the fiscal year (FY) ending September 30th and recorded as specified in the contract. The CRCS summarizes the resources and expenditures associated to the contract, the disposition of funding (surplus/deficit) and the cash settlement of the contract.

Please refer to the instructions for the CRCS for further details.

NOTE: MDCH implemented the Healthy Michigan Plan effective April 1, 2014. The Centers for Medicare and Medicaid Services (CMS) has allowed, for at least the initial implementation of Healthy Michigan, one risk corridor for Medicaid and Healthy Michigan. CMS has also mandated, that at a minimum, MDCH report ISF, lapse and savings for Medicaid and Healthy Michigan funding separately.

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2.0 Report - Due Dates

Refer to the reporting grid incorporated in Attachment P.7.7.1.1 of the Contract for identification of report due dates. The reporting grid can be found on the MDCH website:
http://www.michigan.gov/mdch/0,4612,7-132-2941_38765---,00.htm

3.0 Report Submission

3.1 Report Submitted via US Mail

This is no longer applicable. Electronic report submission required.

3.2 Report Submission – Electronic

The report should be submitted electronically to the department by the due date identified in 2.0 above at MDCH-MHSA-Contracts-MGMT@michigan.gov. The report's file name must identify the reporting fiscal year, period covered (submission type), agency name, report title and date of submission. Example: For the FY 15 Year End Interim submitted from network180 for the Medicaid Contract Settlement Worksheet, the file name should read **FY15 Year End Interim network180 FSR Bundle 11-10-2015**.

Note: The Medicaid Contract Settlement Worksheet is included in the FSR Bundle. It is not a stand-alone report.

Refer to the Electronic Report Submission Guidelines for report submission specifications.

4.0 Report Specific Navigation or Terminology

The Medicaid Contract Settlement worksheet includes cell shading to assist the end user with completion of the form.

Worksheet headers are shaded in light green.


Cells requiring data entry are shaded in yellow.

Cells that are formula driven and should not have data entered are not shaded.

Worksheet protection has been enabled.

Precision as displayed functionality has been enabled. As such, Excel will utilize the displayed value instead of the stored value when it recalculates formulas.

The term "Submission Type" on the worksheet refers to the reporting period. i.e., Interim, Final, Projection.

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Column headings are specific to each section of the worksheet and may change from section to section. The column headings are shaded to assist in identification.

5.0 Instructions for Completion of the Report

This report is only used by the PIHP

Enter the name of the PIHP on the line labeled “PIHP”.

Select the appropriate Fiscal Year (FY) from the drop down menu.

Select the Submission Type from the drop down menu.

Enter the date of report submission on the line labeled “Submission Date

5.1 Section 1 – Specialty Managed Care – Medicaid

This section represents the estimated Medicaid specialty managed care capitation (authorization) that the PIHP will receive to fund services provided and authorized in the contract for the fiscal year being settled.

Column: State Plan (b)

This column represents the revenue / funding authorization for State Plan (b) services for both Mental Health and Substance Abuse Medicaid Specialty Managed Care capitation.

Column: 1915(b)(3)

This column represents the revenue / funding authorization for 1915(b)(3) services for both Mental Health and Substance Abuse Medicaid Specialty Managed Care capitation.

Column: HSW


This column represents the revenue / funding authorization for HSW services for Mental Health Medicaid Specialty Manage Care capitation.

Column: Healthy Michigan Plan

This column represents the revenue / funding authorization for services authorized in the Healthy Michigan Plan.

Column: MICHild

This column represents the revenue / funding authorization for services authorized for MICHild.

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Column: Total

This column represents to total available revenue / funding authorization for all categories of the Medicaid Specialty Managed Care and Healthy Michigan Plan capitation. This column is formula driven. The formula is the *sum of State Plan (b), 1915(b)(3), HSW, Healthy Michigan Plan, and MICHild.*

Column: FY Indicator

This column was added to assist in identification of the fiscal year the revenue (cash and accruals) entered in the preceding columns relate to. The cells in this column are formula driven based on the fiscal year selected on this form and the rows in section 1.

For this example:

Selected value for FISCAL YEAR: FY 14 / 15

Row 1.d – “Prior Fiscal Year 1 – Accrual Adjustment – Net”

The formula in the FY Indicator is: *IF Fiscal Year = “FY 14 / 15”, THEN “FY 14”, IF Fiscal Year = “FY 15 / 16”, THEN “FY 15”*

Thus for this example, the cell will reflect FY 14 as the “Prior Fiscal Year 1”.

Section 1.a – Current Fiscal Year – Medicaid Revenue rec’d thru 9/30

Enter the amount of State Plan (b), 1915(b)(3), HSW, Healthy Michigan Plan, and MICHild capitation received thru 9/30 for the current fiscal year.

Section 1.b – Current Fiscal Year – Medicaid Revenue Accruals

Enter the estimated accrual amount for State Plan (b), 1915(b)(3), HSW, Healthy Michigan Plan, and MICHild capitation for the current fiscal year. *Note: If the net accrual amount is an amount due back to the State of Michigan – enter as a negative amount.*

Section 1.b.1 – DHS Incentive Payments (B)


Enter the amount for DHS Incentive Payments (B) for the current fiscal year.

NOTE: There is not a separate line for accrued incentive payments. The amount entered on 1.b.1 should be on the accrued basis; thus inclusive of both cash received and the estimated accrual for the fiscal year.

Section 1.b.2 – Other Incentive Payments (B)

Enter the amount for Other Incentive Payments (B) for the current fiscal year.

NOTE: There is not a separate line for accrued incentive payments. The amount entered on 1.b.2 should be on the accrued basis; thus inclusive of both cash received and the estimated accrual for the fiscal year.

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Section 1.b.3 – Autism Training Payments

Enter the amount for the Autism Training Payments for the current fiscal year.

NOTE: There is not a separate line for accrued training payments. The amount entered on 1.b.3 should be on the accrued basis; thus inclusive of both cash received and the estimated accrual for the fiscal year.

Section 1.c – Sub-Total Current Fiscal Year Medicaid Revenue

This cell represents the cash and accrued specialty managed care capitation revenue / funding authorization for the current fiscal year. The cell is formula driven. The formula is the *sum of Current Fiscal Year – Medicaid Revenue rec'd thru 9/30 (1.a), Current Fiscal Year – Medicaid Revenue Accruals (1.b), DHS incentive Payments (B) (1.b1), Other Incentive Payments (B) (1.b2), and Autism Training Payments (B) (1.b3).*

Section 1.d – Prior Fiscal Year 1 – Accrual Adjustment – Net

Enter the net amount of any variance between the accrual assumptions reported for the prior fiscal year and the accrual assumptions at the close of the current fiscal year.

Note: If the net accrual adjustment is a reduction to previous recognized revenue – enter as a negative amount.

Example: FY 14 Medicaid accrual at the close of FY 14 was \$100,000. Specialty Managed Care capitation received during FY 15 was \$90,000. At the close of FY 15, there is still an open accrual of \$8,000; for a total of \$98,000 estimated FY 14 revenues. The original accrual was \$100,000. The revised estimate for FY 14 Medicaid Specialty Managed Care is \$98,000. Therefore a \$2,000 reduction (credit) would be entered as the net accrual adjustment.


Section 1.e – Prior Fiscal Year 2 – Accrual Adjustment – Net

Enter the net amount of any variance between the accrual assumptions reported for the fiscal year two years earlier and the actual capitation received for that fiscal year.

Note: If the net accrual adjustment is a reduction to previous recognized revenue – enter as a negative amount.

Note: Medicaid eligibility for HSW capitation must be obtained within 24 months in order for payment to be made.

Example: FY 13 Medicaid accrual at the close of FY 13 was \$50,000. Specialty Managed Care capitation received during FY 14 was \$50,000. The PIHP did not anticipate any additional capitation. During FY 15, the PIHP received an additional \$2,000 in HSW capitation. The PIHP would report a \$2,000 increase (debit) as the net accrual adjustment.

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Section 1.f – Other Adjustments (DCH Approval Required)

Enter the net amount of any accrual adjustments that do not fit into classification as Prior Fiscal Year 1 or Prior Fiscal Year 2.

Note: In recognition that CHAMPS implementation, audit issues, and special circumstances exist DCH added this row for any adjustments that do not specifically fit into 1.d or 1.e. Prior to utilization of this row DCH approval must be obtained. If the PIHP obtains DCH approval and row 1.f is utilized, the PIHP must provide a brief description of this adjustment in row 1.i.

Section 1.g – Sub-Total – Prior Year Accrual Adjustments

This cell represents the total of any prior year accrual adjustments. The cell is formula driven. The formula is the *sum of Prior Fiscal Year 1- Accrual Adjustment – Net (1.d), Prior Fiscal Year 2 – Accrual Adjustment – Net (1.e), and Other Adjustments (1.f).*

Section 1.h – Total Medicaid Revenue – Current Year Settlement

This cell represents the total cash and accrued revenue / funding authorization for the current settlement. The cell is formula driven. The formula is the *sum of Sub-Total Current Fiscal Year Medicaid Revenue (1.c) and Sub-Total – Prior Year Accrual Adjustments (1.g).*

Section 1.i – Explanation of Accrual Adjustments


This section is reserved for the PIHP to provide an explanation of any prior year accrual adjustments, accrual methodology changes, one time exceptions that distorted the accrual adjustments, etc. This field is optional unless the net accrual adjustments are material, impact the risk corridor of the prior settled fiscal year or the PIHP reported expenditures in row 1.f – Other Adjustments.

5.2 Section 2 – Forced Lapse to MDCH

This section represents the amount that must be lapsed back to the MDCH. Typically, forced lapse represents unspent funding provided to the PIHP by the MDCH for a specific purpose, project, and/or target population. These funds shall continue to be expended for the purpose that they were earmarked for and may not be re-directed for any other use without prior written approval from the MDCH. Any unspent special purpose funding shall lapse back to the MDCH.

Section 2.a – Medicaid Specialty Managed Care Forced Lapse

Enter the amount of special purpose funds that must be lapsed back to the MDCH. The amount of forced lapse must be entered as a negative amount.

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Section 2.a.1 – Explanation of Forced Lapse

Enter an explanation of the specialty managed care special purpose funds that must lapse back to the MDCH. If the space provided is not sufficient, additional information may be entered in Section 5 – Narrative: Both CRCS and Contract Settlement Worksheet.

5.3 Section 3 – Medicaid Savings / Medicaid Lapse Calculation

This section is entirely formula driven. This section represents the calculation of Medicaid and Healthy Michigan savings and/or lapse. This determination of savings and lapse is symmetrical to calculation of risk.

Note: Effective April 1, 2014 MDCH implemented the Healthy Michigan Plan. CMS has allowed, for at least the initial implementation of Healthy Michigan, one risk corridor for Medicaid and Healthy Michigan. CMS has also mandated, that at a minimum, MDCH report the ISF, savings and lapse for Medicaid and Healthy Michigan separately.

In acknowledgement of the PIHPs risk exposure related to the Healthy Michigan Plan, if there is a surplus in both Medicaid and Healthy Michigan, the PIHP will be allowed flexibility in designation between Medicaid savings and Healthy Michigan savings (limited to the amount of actual surplus in each funding source). This flexibility will assist the PIHP in managing their risk associated with the Healthy Michigan population.

Section 3.a – Specialty Managed Care – Medicaid Capitation


This cell represents the specialty managed care capitation (Medicaid, Healthy Michigan, and MICHild) for the current FY. The cell is formula driven. The formula is *plus Shared Risk Calculation & Risk Financing worksheet – Specialty Managed Care – Medicaid Capitation (FSR A 120 & FSR AI 120) (1.a.1)*.

Section 3.a.1 – Band # 1 (95 – 100%)

The PIHP shall retain unexpended risk corridor related funds between 95% and 100%. The cell is formula driven. The formula is *Specialty Managed Care – Medicaid Capitation - Annualized (3.a) times 5% rounded to zero decimal places*.

Section 3.a.2 – Band # 2 (90 – 95%)

The second savings band is shared equally between the MDCH and the PIHP. The cell is formula driven. The formula is *Specialty Managed Care – Medicaid Capitation – Annualized (3.a) times 5% rounded to zero decimal places*.

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Section 3.b – Balance Available for Savings (from Medicaid FSR)

This cell represents surplus funds available for Medicaid savings and/or lapse to the MDCH. The cell is formula driven and is an IF/THEN/ELSE statement. The formula is *IF Balance Medicaid Services (A 400) from the Medicaid FSR is less than or equal to zero, THEN zero, ELSE Balance Medicaid Services (A 400) from the Medicaid FSR.*

Section 3.b.1 – Balance Available for Savings (from Healthy Michigan FSR)

This cell represents surplus funds available for Healthy Michigan savings and/or lapse to the MDCH. The cell is formula driven and is an IF/THEN/ELSE statement. The formula is *IF Balance Healthy Michigan Plan Services (AI 400) from the Healthy Michigan FSR is less than or equal to zero, THEN zero, ELSE Balance Healthy Michigan Plan Services (AI 400) from the Healthy Michigan FSR.*

Section 3.b.2 – Total Available for Savings

This cell represents the total surplus funds (Medicaid and Healthy Michigan) available for savings and/or lapse to the MDCH. The cell is formula driven. The formula is *the sum of Balance Available for Savings (from Medicaid FSR) (3.b) and Balance Available for Savings (from Healthy Michigan FSR) (3.b.1).*

Note: In acknowledgement of the PIHPs risk exposure related to the Healthy Michigan Plan, if there is a surplus in both Medicaid and Healthy Michigan, the PIHP will be allowed flexibility in designation between Medicaid savings and Healthy Michigan savings (limited to the amount of actual surplus in each funding source). This flexibility will assist the PIHP in managing their risk associated with the Healthy Michigan population.


The Medicaid Contract Settlement Worksheet has been designed to maximize Healthy Michigan funding to address PIHP risk exposure.

Section 3.c - Column: Total Lapse

This column represents the portion of the surplus funding that must lapse to the MDCH. The column is formula driven by band. For Band # 1, since the PIHP retains the first 5%, the cell is grayed out. For Band # 2, since the State and PIHP share equally in savings / lapse, the formula is *plus Band # 2 less Total Earned Savings.* For Band # 3, since the entire amount has to be lapsed to the State, the formula is *plus Band # 3.*

Section 3.c - Column: Total Earned Savings

This column represents the portion of the surplus funding that the PIHP may earn as savings. The column is formula driven by band. For Band # 1, since the PIHP retains the first 5%, the formula is *plus Band # 1.* For Band # 2, since the State and PIHP share equally in savings and lapse, the formula is *Band # 2 (3.c.3) times 50% rounded to zero decimal places.* For Band # 3 Liability, since the entire amount has to be lapsed to the State, the cell is grayed out.

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Column: Total Savings Corridor

The column represents the total savings corridor. The column is formula driven. The formula is the *sum of Total Lapse and Total Savings*.

Section 3.c.1 – Band # 1

This cell represents the amount available for savings / lapse in the first band and is formula driven. The formula is an IF/THEN/ELSE statement. The formula is *IF Total Available for Savings (3.b.2) is less than or equal to Band # 1 (3.a.1), THEN Total Available for Savings (3.b.2), ELSE Band #1 (3.a.1)*.

Section 3.c.2 – Sub-Total – Band # 1

This cell represents the amount available for savings / lapse after consideration of Band # 1 and is formula driven. The formula is *Total Available for Savings (3.b.2) less Band # 1 (3.c.1)*.

Section 3.c.3 – Band # 2

This cell represents the amount available for savings / lapse in the second band and is formula driven. The formula is an IF/THEN/ELSE statement. The formula is *IF Sub-Total Band # 1 (3.c.2) is greater than Band # 2 (3.a.2), THEN Sub-Total Band # 1 (3.c.2), Band #2 (3.a.2)*.

Section 3.c.4 – Sub-Total – Band # 2

This cell represents the amount available for savings / lapse after consideration of Band # 2 and is formula driven. The formula is *plus Sub-Total – Band # 1 (3.c.2) less Band # 2 (3.c.3)*.

Section 3.c.5 – Band # 3

This cell represents the amount available for lapse in the third band and is formula driven. The formula is *plus Sub-Total – Band # 2 (3.c.4)*.


Section 3.c.6 – Totals

This row represents the total lapse, total earned savings and total savings corridor. The row is formula driven. The formula is the *sum of Band # 1 (3.c.1), Band # 2 (3.c.3) and Band # 3 (3.c.5)*.

5.4 Section 4 – Summary of Total Savings / Lapse

This section will summarize, by funding source, the distribution of savings and lapse that was calculated in Section 3.

In acknowledgement of the PIHPs risk exposure related to the Healthy Michigan Plan, if there is a surplus in both Medicaid and Healthy Michigan, the PIHP will be allowed flexibility in designation between Medicaid savings and Healthy Michigan savings (limited to the amount of actual surplus in each funding source). This flexibility will assist the PIHP in managing their risk.

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Section 4 – Column – Total Lapse

This column represents the portion of the surplus funding that must lapse to the MDCH.

Section 4 – Column – Total Earned Savings

This column represents the portion of the surplus funding that was earned as saving.

Section 4 – Column – Total Savings Corridor

This column represents the total savings corridor. The column is formula driven. The formula is *the sum of columns for Total Lapse and Total Earned Savings*.

Section 4.1 – Total Disposition of Medicaid Savings / Lapse

This row represents the total lapse, total savings and total savings corridor for Medicaid. As indicated above, if there is a surplus in both Medicaid and Healthy Michigan, the PIHP will be allowed flexibility in designation between Medicaid and Healthy Michigan. The amount of Medicaid savings earned cannot exceed the amount available for savings reflected in Section 3.b – Balance Available for Savings (From Medicaid FSR).

Enter the amount of Medicaid lapse and/or savings.

Section 4.2 – Total Disposition of Healthy Michigan Savings / Lapse

This row represents the total lapse, total savings and total savings corridor for Healthy Michigan. As indicated above, if there is a surplus in both Medicaid and Healthy Michigan, the PIHP will be allowed flexibility in designation between Medicaid and Healthy Michigan. The amount of Healthy Michigan savings earned cannot exceed the amount available for savings reflected in Section 3.b.1 – Balance Available for Savings (From Healthy Michigan FSR).


Enter the amount of Healthy Michigan lapse and/or savings.

5.5 Section 5 – Medicaid Savings – Prior Year Earnings to Expend

This section compares the prior year savings (Medicaid and Healthy Michigan) earned to the amount of prior year savings (Medicaid and Healthy Michigan) being utilized in the current FY. The PIHP shall develop and implement a reinvestment strategy for all savings realized that shall be directed to the Medicaid / Healthy Michigan population. All savings must be invested according to the criteria contain in Section 8.6.2 of the contract. Typically, any earned savings from the prior FY unexpended at the end of the FY must be returned to the MDCH. However, if a final MDCH audit report creates new savings, the PIHP will have one year following the date of the final audit to expend the additional savings.

Columns: FY

Each of the FY columns represents the available FY in which the savings were earned. Enter in the header of each column, the FY that the savings were earned.

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Column: Total

This column represents the total FY available savings and current FY activity. The column is formula driven. The formula is the *sum of FY column 1, FY column 2, FY column 3, FY column 4, and FY column 5.*

Section 5.a – Prior Year Medicaid Savings Earned - Medicaid

Enter the amount of Medicaid savings earned from the previous FY(s) and available for use in the current FY. Additionally, as per the column instructions, label each column with the FY in which the Medicaid savings were earned.

Section 5.b – Current Year Expenditures - Medicaid

Enter the amount of expenditures funded with Medicaid savings. All expenditures funded with Medicaid savings must be in compliance with the PIHP developed Reinvestment Strategy; which was created following the criteria outlined in Section 8.6.2 of the contract. The expenditure amount in the Total column must reconcile with FSR Medicaid line A 123.

Section 5.c – Prior Year Medicaid Savings Earned – Healthy Michigan Plan

Enter the amount of Healthy Michigan savings earned from the previous FY(s) and available for use in the current FY. Additionally, as per the column instructions, label each column with the FY in which the Healthy Michigan savings were earned.

Section 5.d – Current Year Expenditures – Healthy Michigan Plan

Enter the amount of expenditures funded with Healthy Michigan savings. All expenditures funded with Healthy Michigan savings must be in compliance with the PIHP developed Reinvestment Strategy; which was created following the criteria outlined in Section 7.7.2 of the contract. The expenditure amount in the Total column must reconcile with FSR Healthy Michigan line AI 123.

Section 5.e – Balance of Medicaid Savings

This row represents the balance of the prior year Medicaid savings. The row is formula driven. The formulas are the *plus Prior Year Medicaid Savings Earned – Medicaid (4.a) plus Prior Year Medicaid Savings Earned – Healthy Michigan Plan (4.c) less Current Year Expenditures – Medicaid (4.b), less Current Year Expenditures – Healthy Michigan Plan (4.d).*

5.6 Section 6 – Narrative: Both CRCS and Contract Settlement Worksheet

This section should be utilized to provide comments that would assist in the settlement process. The space can be used for narrative that pertains to both the CRCS and the Contract Settlement Worksheet. If this space is insufficient, please utilize the “Additional Narrative” tab within the FSR Bundle.